National Energy Board
Office national de l'énergie

NewsRelease

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NEB APPROVES THE 2008 BENCHMARK RETURN ON COMMON EQUITY OF 8.71%

CALGARY – On 29 November 2007, the National Energy Board set the 2008 benchmark Return on Common Equity (ROE) for certain Group 1 pipeline companies.

The Board approved the 8.71 percent 2008 benchmark ROE pursuant to the adjustment mechanism, or formula, established in the Multi-Pipeline Cost of Capital Decision (RH-2-94), and revised on 14 March 1997 to eliminate rounding.The RH-2-94 Decision established a mechanism to adjust the rate for 1996 and beyond without having to go to a public hearing process.

The adjustment mechanism is designed to take into account the year-to-year change in forecast long term (30 year) Government of Canada bond yields. The forecast yield for 30 year Government of Canada bonds for 2007 is 4.55 percent, and is 33 basis points higher than the yield forecasted for 2007, which was 4.22 percent. The 33 basis point increase is multiplied by 75 percent to generate a 25 basis point increase of the benchmark ROE to 8.71 percent in 2008 from 8.46 percent for 2007.

The NEB is an independent federal agency that regulates several parts of Canada's energy industry. Its purpose is to promote safety and security, environmental protection, and efficient energy infrastructure and markets in the Canadian public interest, within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

-30-

This news release is available on the NEB's Internet site at www.neb-one.gc.ca under *What's New*!

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